

# **How Does the Housing Bill Help Homeowners in Distress?**

The Housing and Economic Recovery Act of 2008, signed into law on July 30, includes a number of provisions to address the mortgage crisis and help homeowners facing foreclosure. At the heart of the legislation is a program called **Hope for Homeowners**, which authorizes the Federal Housing Administration (FHA) to insure up to \$300 billion in refinanced loans. The program brings affordable, sustainable mortgages within reach for qualified homeowners whose lenders are willing to refinance based on the home's current value.

## **WHEN WILL HELP BE AVAILABLE?**

The new program was implemented on **October 1, 2008**, and will be available for three years.

## **WHO IS ELIGIBLE?**

Borrowers seeking to refinance under the Hope for Homeowners program must be owner-occupants who originated their mortgage on or before January 1, 2008. They must have a monthly mortgage payment greater than 30% of total monthly income, and they must demonstrate that the current loan is unaffordable. Borrowers must certify that they have not intentionally missed mortgage payments and did not obtain the existing loan fraudulently. Investors, speculators, or borrowers who own second homes may not participate in the program.

## **ARE LENDERS REQUIRED TO PARTICIPATE?**

Unfortunately, no. Lender participation is voluntary. The aim of the Hope for Homeowners program is to give lenders an option that is backed by the federal government and makes more sense financially than foreclosure. Many foreclosures have occurred simply because lenders do not have an alternate system for dealing with delinquent borrowers. Hope for Homeowners provides a framework for lenders to deal with mortgages that might be in trouble.

## **WHAT ARE THE TERMS OF THE NEW MORTGAGE?**

Borrowers would enter a **30-year, fixed-rate** mortgage backed by the FHA. The maximum amount of the new mortgage would be \$550,440, with a loan-to-value ratio of no more than 90%. A new appraisal would be performed by an FHA-approved appraiser. The new mortgage will include no prepayment penalties, but the FHA would receive at least a portion of any profit from reselling the home within five years.

## **ADDITIONAL RESOURCES**

To learn more about the Hope for Homeowners program and whether you may qualify for help, call 1-800-CALL-FHA (225-5342) or visit [www.fha.gov](http://www.fha.gov). You can also contact the HOPE NOW Alliance at 1-888-995-HOPE or a HUD-approved housing counseling agency near you. Here are some HUD-approved housing counselors in Macomb and Oakland County:

### **GreenPath**

888-860-4167 (toll-free)

Offices in Roseville, Southfield, and Troy

**Michigan State University**  
**Extension Services**  
586-469-5180  
Clinton Township

**Christian Credit Counselors**  
800-557-1985 (toll-free)  
Southfield

For Oakland County residents:  
**Oakland County Housing Counseling**  
888-350-0900 (toll-free)  
Pontiac

If you need further assistance, please visit my constituent services web page or contact my District Office at (586) 498-7122 with any questions or concerns you may have.